

State Notes

TOPICS OF LEGISLATIVE INTEREST

November/December 2003



Fire Protection Grants

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The Fire Protection Grant program was created in 1978, pursuant to Public Act 289 of 1977. The purpose of the program was to provide payment in lieu of property taxes, to cities, villages, and townships in which State-owned buildings are located, for fire protection services. Funding for this program had been increased during the 1990s, but starting in fiscal year (FY) 2001-02, the grant program was reduced to nearly its original FY 1977-78 level. Table 1, below shows a history of the appropriations for this grant program. In the FY 2003-04 budget, the appropriation is at the estimated fully-funded level based on the FY 2002-03 calculations, but accompanying boilerplate language makes the allocation of \$12.1 million contingent upon a statutory change that would affect the deposit in the Liquor Purchase Revolving Fund.

Table 1

Fire Protection Grants History of Appropriations	
FY 1977-78	\$3,000,000
FY 1978-79	3,000,000
FY 1979-80	3,000,000
FY 1980-81	Vetoed
FY 1981-82	4,000,000
FY 1982-83	4,000,000
FY 1983-84	4,000,000
FY 1984-85	4,000,000
FY 1985-86	4,000,000
FY 1986-87	4,000,000
FY 1987-88	3,975,000
FY 1988-89	3,975,000
FY 1989-90	6,375,000
FY 1990-91	6,375,000
FY 1991-92	6,375,000
FY 1992-93	6,375,000
FY 1993-94	6,375,000
FY 1994-95	6,375,000
FY 1995-96	6,375,000
FY 1996-97	6,375,000
FY 1997-98	6,535,000
FY 1998-99	6,675,000
FY 1999-2000	6,675,000
FY 2000-01	7,421,000
FY 2001-02	3,710,500
FY 2002-03	3,710,500
FY 2003-04	15,839,000



The statute outlines a formula by which award amounts are determined. The statute requires the Department of Management and Budget (DMB), to establish the value of each State-owned building as of December 31 of the previous year. This is done by multiplying a dollar amount by the square footage of the building. In 1978, when this legislation was enacted, a list of 19 different building types was created. A set amount per square foot was then calculated for each building type. For instance, the amount per square foot for Type A buildings, which include the Capitol, hospitals, and infirmaries, was \$80, whereas the amount per square foot for Type B buildings, which include correctional security buildings, was \$70. This amount is multiplied by the square footage of the building and an annual depreciation of 1% is applied. The result is used as the building's value. Each year an index is used to compare the amount per square foot to the base year (1978) to determine the increase that should be provided to each building type based on the National Average of Building Costs published in Engineering News. The increase must equal \$5 or more for a change to be made to the multiplier.

After the values of the buildings are calculated, they are tallied by the DMB and sent to the Department of Labor and Economic Growth (DLEG) (formerly the Department of Consumer and Industry Services). The DLEG adds the building values to the amount of State-owned inventory, which primarily consists of equipment, by municipality. Half of the total value equates to the State equalized valuation (SEV) of State-owned buildings by municipality. Each municipality also must report to the DLEG the SEV of the municipality as well as the operating budget for the fire department. The DLEG then calculates the percentage of the SEV of the municipality that the State buildings make up, or:

$$\frac{\text{Total SEV of the State Property in the Municipality}}{\text{Total SEV of the State Property in the Municipality} + \text{Total SEV of the Municipality}}$$

This percentage is then multiplied by the municipality's fire department budget to determine the formula amount. Because the appropriation for this grant program is a set amount, pursuant to the statute, if the total grant amount is greater than the appropriation, the grants are prorated based on the total appropriations as a percentage of the total formula amount. Any municipality that has a formula amount of \$500 or less is not eligible for a grant.

This program was originally funded with General Fund dollars but in the late 1980s the fund source was changed to Liquor Purchase Revolving Fund (LPRF) revenue. Using LPRF funds is essentially the same as using General Fund dollars, as the balance in the LPRF is deposited into the General Fund at the end of every fiscal year; therefore, any appropriation made out of the Fund reduces that deposit.

In FY 2003-04, 54 grants were awarded to local governments, with the minimum grant of \$503 going to Fife Lake Township and the maximum grant of \$1,019,252 to the City of Detroit. Below Table 2 lists grant recipients under the appropriation amount as compared with the amount that would have been available had the program been fully funded.

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Table 2

FIRE PROTECTION GRANTS FY 2003-04		
	Formula Amount	Actual Payment
Township of Adams	\$ 732.12	\$ 0
City of Adrian	41,472.92	9,979.85
Township of Allendale	66,357.26	15,967.91
City of Alpena	20,583.62	4,953.15
City of Ann Arbor	1,602,993.19	395,737.02
Township of Ann Arbor	36,114.85	8,690.51
City of Auburn Hills	78,057.99	18,783.52
Village of Baraga	12,604.33	3,033.05
Township of Beaver Creek	5,644.47	1,358.26
Township of Benton	31,338.59	7,541.18
Township of Bethany	7,625.85	1,835.05
City of Big Rapids	347,259.91	83,563.01
Township of Blackman	320,291.91	77,073.59
Township of Bloomer	4,605.43	1,108.23
Township of Chocoday	718.12	0
Township of Coldwater	17,230.80	4,146.34
City of Dearborn	130,659.84	31,441.39
City of Detroit	4,235,699.11	1,019,252.21
City of East Lansing	1,920,897.07	462,235.96
City of Escanaba	47,139.22	11,343.37
Township of Fife Lake	2,091.77	503.35
City of Flint	520,100.49	125,154.62
Township of Freesoil	633.82	0
Township of Garden	805.95	0
City of Grand Rapids	295,162.29	71,026.52
Township of Grant	2,191.52	527.36
Township of Grayling	1,991.86	0
Township of Green Oak	6,973.40	1,678.05
Township of Higgins	1,421.52	0
City of Houghton	44,197.51	10,635.49
Township of Indianfields	3,276.12	788.35
City of Ionia	563,265.83	135,541.74
Township of Iron River	721.78	0
Township of Ironwood	696.83	0
City of Kalamazoo	1,339,823.34	322,409.01
Township of Kinross	19,711.02	4,743.17
Township of Kochville	26,555.09	6,390.10
Township of L'Anse	515.50	0
City of Lansing	1,449,046.54	348,691.99
City of Lapeer	26,617.21	6,405.04
Township of Lenox	9,684.61	2,330.46
Township of Lyndon	2,315.48	557.19

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FIRE PROTECTION GRANTS FY 2003-04		
	Formula Amount	Actual Payment
Township of Madison	17,965.02	4,323.02
Township of Manistee	4,814.19	1,158.46
City of Manistique	13,496.43	3,247.72
Township of Marenisco	4,438.52	1,068.07
City of Marquette	322,708.66	77,655.15
Township of Meridian	39,985.59	9,621.95
City of Mount Pleasant	490,078.30	117,930.22
Township of Munising	6,208.10	1,493.89
Township of Munro	665.28	0
City of Muskegon	191,016.50	45,965.34
Township of Northville	37,664.20	9,063.34
Township of Osceola	758.94	0
Township of Pentland	15,383.37	3,701.79
Township of Pittsfield	30,473.61	7,333.03
Township of Praiseville	3,186.27	766.73
Township of Roscommon	1,769.72	0
Township of Ross	2,367.33	569.66
City of Sault Ste. Marie	256,659.60	61,761.40
Township of Slagle	821.90	0
City of St. Louis	32,258.99	7,762.66
City of Standish	6,326.91	1,522.48
City of Stephenson	545.55	0
Township of Tittabawassee	3,603.16	867.05
Township of Windsor	66,904.96	16,099.71
Township of York	10,550.29	2,538.77
City of Ypsilanti	625,940.60	150,623.51
TOTAL PAYMENTS	\$15,432,387.89	\$3,710,500.00